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FILED

APR 29 2002

CLERK, U.S. DISTRICT COURT  
EASTERN DISTRICT OF CALIFORNIA  
BY                      DEPUTY CLERK

8 IN THE UNITED STATES DISTRICT COURT  
9 FOR THE EASTERN DISTRICT OF CALIFORNIA

10 UNITED STATES OF AMERICA, )  
11 Plaintiff, ) CR-S-02-124 EJG  
12 v. ) PLEA AGREEMENT OF CARY ALYN WAAGE  
13 CARY ALYN WAAGE, )  
14 Defendant. )  
15 \_\_\_\_\_ )

16  
17 I. INTRODUCTION

18 A. Scope of Agreement: The Information in this case charges  
19 defendant Cary Alyn Waage ("defendant") with one count of mail fraud  
20 in violation of 18 U.S.C. § 1341, one count of conspiracy to commit  
21 money laundering in violation of 18 U.S.C. § 1956(h), and alleges  
22 criminal forfeiture under 18 U.S.C. §§ 981 and 982 and 28 U.S.C.  
23 § 2461. This document contains the complete Plea Agreement between  
24 the United States Attorney's Office for the Eastern District of  
25 California (the "government") and the defendant regarding this case.  
26 This Plea Agreement is limited to the United States Attorney's  
27 Office for the Eastern District of California (the "government") and  
28 cannot bind any other federal, state, or local prosecuting,

1 administrative, or regulatory authorities.

2       **B. Court Not A Party:** The Court is not a party to this Plea  
3 Agreement. Sentencing is a matter solely within the Court's  
4 discretion; the Court is under no obligation to accept any  
5 recommendations made by the government and may in its discretion  
6 impose any sentence it deems appropriate up to and including the  
7 statutory maximum stated in this Plea Agreement. If the Court  
8 should impose any sentence up to the maximum established by the  
9 statute, the defendant cannot, for that reason alone, withdraw his  
10 guilty plea, and he will remain bound to fulfill all of the  
11 obligations under this Agreement. The defendant understands that  
12 neither the prosecutor, defense counsel, nor the Court can make a  
13 binding prediction or promise regarding the sentence he will  
14 receive.

15                               **II.**

16                               **DEFENDANT'S OBLIGATIONS**

17       **A. Guilty Plea:** The defendant shall plead guilty to the two  
18 counts of the Information, shall stipulate and agree to the  
19 forfeiture of the assets identified in the forfeiture allegation of  
20 the Information, and shall further stipulate and agree that a  
21 factual basis exists for such forfeiture. The defendant agrees that  
22 he is, in fact, guilty of the counts charged in the Information and  
23 that the facts set forth in the Factual Basis attached hereto as  
24 Exhibit A are accurate.

25       **B. Waiver of Indictment:** The defendant agrees to waive his  
26 right to be indicted on the charges contained in the Information,  
27 and will sign a written waiver in open court.

28 / / /

1       **C. Restitution:** Defendant agrees to pay full restitution to  
2 all victims and entities suffering a loss as a result of these  
3 offenses and the scheme to defraud alleged in the Information, based  
4 on his ability to pay, as determined by the Probation Office  
5 pursuant to U.S.S.G. § 5E1.1 The defendant further agrees that the  
6 restitution order is not restricted to the specific counts to which  
7 the defendant is pleading guilty. Payment shall be made by  
8 cashier's or certified check made payable to the Clerk of the Court  
9 within an amount of time and on a schedule as determined by the  
10 Probation Office. The defendant understands that this Plea  
11 Agreement is voidable by the government if he fails to pay the  
12 stipulated restitution as determined by the Probation Office, and as  
13 provided by U.S.S.G. § 5E1.1. Defendant further agrees that he will  
14 not seek to discharge any restitution obligation or any part of such  
15 obligation in any bankruptcy proceeding.

16       **D. Special Assessment:** The defendant agrees to pay a special  
17 assessment of \$200 by delivering a check or money order payable to  
18 the United States District Court to the United States Probation  
19 Office as soon as practicable.

20       **E. Agreement to Cooperate:** The defendant agrees to cooperate  
21 fully with the government and any other federal, state, or local law  
22 enforcement agency, as directed by the government. As used in this  
23 Agreement, "cooperation" requires the defendant: (1) to respond  
24 truthfully and completely to all questions, whether in interviews,  
25 in correspondence, telephone conversations, before a grand jury, or  
26 at any trial or other court proceeding; (2) to attend all meetings,  
27 grand jury sessions, trials, and other proceedings at which the  
28 defendant's presence is requested by the government or compelled by

1 subpoena or court order; (3) to produce voluntarily any and all  
2 documents, records, or other tangible evidence requested by the  
3 government; (4) not to participate in any criminal activity while  
4 cooperating with the government; and (5) to disclose to the  
5 government the existence and status of all money, property, or  
6 assets, of any kind, derived from or acquired as a result of, or  
7 used to facilitate the commission of, the defendant's illegal  
8 activities or the illegal activities of any conspirators.

9       If the defendant commits any crimes or if any of the  
10 defendant's statements or testimony prove to be knowingly false,  
11 misleading, or materially incomplete, or if the defendant otherwise  
12 violates this Plea Agreement in any way, the government will no  
13 longer be bound by its representations to the defendant concerning  
14 the limits on criminal prosecution and sentencing as set forth  
15 herein. The determination whether the defendant has violated the  
16 Plea Agreement will be under a probable cause standard. If the  
17 defendant violates the Plea Agreement, he shall thereafter be  
18 subject to prosecution for any federal criminal violation of which  
19 the government has knowledge, including but not limited to perjury,  
20 false statements, and obstruction of justice. Because disclosures  
21 pursuant to this Agreement will constitute a waiver of the Fifth  
22 Amendment privilege against compulsory self-incrimination, any such  
23 prosecution may be premised on statements and/or information  
24 provided by the defendant. Moreover, any prosecutions that are not  
25 time-barred by the applicable statute of limitations as of the date  
26 of this Agreement may be commenced in accordance with this  
27 paragraph, notwithstanding the expiration of the statute of  
28 limitations between the signing of this Agreement and the



1 commencement of any such prosecutions. The defendant agrees to  
2 waive all defenses based on the statute of limitations or delay of  
3 prosecution with respect to any prosecutions that are not time-  
4 barred as of the date of this Agreement.

5 If it is determined that the defendant has violated any  
6 provision of this Agreement or if the defendant successfully moves  
7 to withdraw his plea: (1) all statements made by the defendant to  
8 the government or other designated law enforcement agents, or any  
9 testimony given by the defendant before a grand jury or other  
10 tribunal, whether before or after this Agreement, shall be  
11 admissible in evidence in any criminal, civil, or administrative  
12 proceedings hereafter brought against the defendant; and (2) the  
13 defendant shall assert no claim under the United States  
14 Constitution, any statute, Rule 11(e)(6) of the Federal Rules of  
15 Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or  
16 any other federal rule, that statements made by the defendant before  
17 or after this Agreement, or any leads derived therefrom, should be  
18 suppressed. By signing this Agreement, the defendant waives any and  
19 all rights in the foregoing respects.

20 **F. Repatriation of Assets Subject to Forfeiture:**

21 1. The defendant stipulates and agrees that the Court  
22 may, pursuant to 18 U.S.C. § 982(b)(1) (incorporating 21 U.S.C. §§  
23 853(e)(4) & (p)(3)), in addition to any other action, order the  
24 defendant to return to the jurisdiction of this Court, all funds on  
25 deposit in the following bank accounts, which funds are presently  
26 beyond the jurisdiction of this Court, to the extent that defendant  
27 is an account holder:

28 / / /

- 1 a. Account number 122697-6, Operadora de Fondos Lloyd,  
2 S.A., Mexico;  
3 b. Account number 790 000 356, Grupo Financiero Bital,  
4 S.A. de C.V., Mexico;  
5 c. Account number 700 1583 624, Grupo Financiero Bital,  
6 S.A. de C.V., Mexico;  
7 d. Account number 0000 3292 6060, Paritate Bank, Riga,  
8 Latvia  
9 e. Account number 5433 1510 0537 3011 (card account),  
10 Paritate Bank, Riga, Latvia  
11 f. Account number 4081 4610 0100 4017 (card account),  
12 Paritate Bank, Riga, Latvia;  
13 g. Account number 574-07-4554-541, Paritate Bank, Riga,  
14 Latvia;  
15 h. Account number 204 3035 607, Pirma Bank, Riga,  
16 Latvia;  
17 i. Account number 4775 7332 8041 1639, Pirma Bank, Riga,  
18 Latvia;  
19 j. Account number 6762 2101 2703 8016, Parex Bank,  
20 Latvia;  
21 k. Inv. #242, Banco Bancentro, San Jose, Costa Rica;  
22 l. Account number 058807166, Rietumu Banka, Latvia

23 The defendant further stipulates and agrees that within thirty  
24 (30) days of the Order defendant shall repatriate the above-  
25 referenced funds and shall deliver them to Courtney J. Linn,  
26 Assistant U.S. Attorney, in cashier check form made payable to the  
27 United States Marshals Service. If, however, the funds are  
28 presently restrained by law enforcement agencies, the defendant  
stipulates and agrees that he shall repatriate such funds within  
thirty (30) days from the date of notice of the release of any such  
restraint.

2. The defendant stipulates and agrees that the Court  
may, pursuant to 18 U.S.C. § 982(b)(1) (incorporating 21 U.S.C. §§

1 853(e)(4) & (p)(3)), in addition to any other action, order the  
2 defendant to cooperate with the United States Marshals Service to  
3 market and sell any real property that is subject forfeiture in this  
4 action or in any parallel civil forfeiture action. If so directed  
5 by the United States Marshals Service and/or the United States  
6 Attorney's Office, defendant shall:

7 a. No later than thirty (30) days after  
8 notification, market and attempt to sell the  
9 real property described above, in a commercially  
reasonable manner as determined by the  
government.

10 b. Have the real property appraised by an  
11 independent licensed appraiser approved by the  
United States.

12 The defendant agrees that the United States must approve in  
13 writing any contemplated sale of the real property prior to  
14 concluding the sale. Immediately upon concluding any sale of the  
15 real property, the defendant shall deliver the proceeds from the  
16 sale (less reasonable expenses approved by the United States) to  
17 Courtney J. Linn, Assistant U.S. Attorney, in a form designated in  
18 writing by the United States.

19 3. The defendant agrees that at the direction of the  
20 United States Attorney's Office he shall cooperate with any foreign  
21 government in connection with the repatriation of the above-  
22 described assets, and shall execute any and all official foreign  
23 documents that are reasonably necessary to effectuate the  
24 repatriation of the above-described assets.

25 4. In addition to agreeing to the entry of an Order  
26 providing for the repatriation of the above-described assets, The  
27 defendant stipulates and agrees that the Court may order him to  
28 return to the jurisdiction of this Court any and all other assets

1 that are held in his name or that are within his control, which  
2 assets represent the proceeds of the mail fraud scheme to which he  
3 has agreed to plead guilty, and/or which funds were involved in, or  
4 are traceable to, the money laundering conspiracy to which he has  
5 pleaded guilty.

6 5. The defendant understands and agrees that pursuant to  
7 18 U.S.C. § 981(b)(1) (incorporating 21 U.S.C. § 853(e)(4)(B)) his  
8 failure to comply with any order to repatriate any of the above-  
9 described property shall be punishable as a civil or criminal  
10 contempt of court, may also result in an enhancement of the sentence  
11 of the defendant under the obstruction of justice provision of the  
12 Federal Sentencing Guidelines.

13 **G. Forfeiture:**

14 1. The defendant stipulates and agrees to forfeit to the  
15 United States of America any right, title, and interest he has or  
16 may have in the following property, and agrees that a factual basis  
17 exists under 18 U.S.C. § 982 and 28 U.S.C. § 2461(c) (incorporating  
18 18 U.S.C. § 981(a)(1)(C)) for the forfeiture of such property:

- 19 a. Account number 122697-6, Operadora de Fondos Lloyd,  
20 S.A., Mexico;
- 21 b. Account number 790 000 356, Grupo Financiero Bital,  
22 S.A. de C.V., Mexico;
- 23 c. Account number 700 1583 624, Grupo Financiero Bital,  
24 S.A. de C.V., Mexico;
- 25 d. Account number 0000 3292 6060, Paritate Bank, Riga,  
26 Latvia
- 27 e. Account number 5433 1510 0537 3011 (card account),  
28 Paritate Bank, Riga, Latvia
- f. Account number 4081 4610 0100 4017 (card account),  
Paritate Bank, Riga, Latvia;
- g. Account number 574-07-4554-541, Paritate Bank, Riga,



- Latvia;
- h. Account number 204 3035 607, Pirma Bank, Riga, Latvia;
- i. Account number 4775 7332 8041 1639, Pirma Bank, Riga, Latvia;
- j. Account number 6762 2101 2703 8016, Parex Bank, Latvia;
- k. Inv. #242, Banco Bancentro, San Jose, Costa Rica;
- l. Account number 058807166, Rietumu Banka, Latvia; and
- m. The following real properties located in Mexico, and all proceeds from the sale thereof:
- (1) Casa Cristiana, Paseo del los Defines #123, Conchas Chinas, Puerto Vallarta, Jalisco, Mexico;
  - (2) Puerto Iguana, Villa #92, Blvd. Francisco Madina Ascencio, Marina Vallarta, Puerto Vallarta;
  - (3) Villas Vista Del Sol, Aquilles Serdan No. 174 Unit 302, Puerto Vallarta;
  - (4) Villas Vista Del Sol, Aquilles Serdan No. 174 Unit 205, Puerto Vallarta;
  - (5) Casa Tatiana, Rinconadas de las Caracolas #113 Puerto Vallarta, Jalisco, Mexico;
  - (6) Calle Amapas No. 156, El Dorado Condo Unit 401; and
  - (7) Calle Amapas No. 156, El Dorado Condo Unit 503 and 504 (legally 2 units but physically one apartment).
- n. The following additional assets located in Costa Rica:
- (1) Real Property Known as Propiedad De La Provincia De Heredia, Located in Belen De Heredia, Lot No. 094954-000, Held in the Name of Creaciones Y Descubrimientos CWE, S.A., Including All Appurtenances and Improvements Thereto,
  - (2) Real Property Known as Quintas La Isabella, Located in La Garita De Alajuela, Lot No. 168320-000, Held in the Name of Carlton Securities S.R.L., Including All Appurtenances and Improvements Thereto,
  - (3) Real Property Known as Apartamento #35, Located in Escazu De San Jose, Lot No. 508046-000, Owned by FIU Securities S.R.L., Including All Appurtenances and

Improvements Thereto,

- (4) Real Property Known as Las Hadas Condominio #02, Located in Escazu De San Jose, Lot No. F023978-000, Owned by Hada Campanita, S.A., Including All Appurtenances, Improvements and Contents Thereto,
- (5) Real Property Known as Condominio Sante Fe, Located in Escazu De San Jose, Lot No. F020953-000, Owned by Top Investments, S.R.L., Including All Appurtenances and Improvements, Thereto,
- (6) Real Property Known as Rancho Marqui, Located at La Garita De Alajuela, Lot No. 247746-000, Owned by Trust Investments, S.R.L., Including All Appurtenances, Improvements and Contents, Thereto,
- (7) Special Equipment Ford, Vin: BD63232, Plate No. EE-017531, Registered to Rancho Marqui,
- (8) 2002 BMW, Plate No. 434066, Vin: WBSB191020JP77897, Registered to M Tres KWLL Investments S.R.L.,
- (9) Banco Bantec Cq, San Jose, La Uruca, Certificates in the Name of Dax Jaikel, Nos. 8058, 8059, 8060, 8080, 8081, 8084, and 8123, plus Any and All Accrued Interest Earned,
- (10) Banco Bantec Cq, San Jose, La Uruca, Certificates in the Name of Creaciones Y Descubrimientos, Nos. 8089, 8090, 8091, and 8104, plus Any and All Accrued Interest Earned,
- (11) Banco Bantec Cq, San Jose La Uruca, Certificates in the Name of Haarlem Universal Corporation, Nos. 8099, 8100, and 8082, plus Any and All Accrued Interest Earned,
- (12) Banco Bantec Cq, San Jose, La Uruca, Debit Card 4259-5503-0100-9381, in the Name of Alyn Richard Waage, plus Any and All Accrued Interest Earned,
- (13) Banco Bantec Cq, San Jose, La Uruca, Debit Card 4259-5503-0100-9373, in the Name of Michelle Higgins, plus Any and All Accrued Interest Earned,
- (14) Banco Bantec Cq, San Jose, La Uruca, Debit Card 4259-5201-0100-3389 in the Name of Dax Jaikel Arce, plus Any and All Accrued Interest Earned,
- (15) All Funds In Banco Bancentro Investment Fund in the Name of Cary Waage, plus Any and All Accrued Interest Earned,
- (16) All Funds In Banco Elca, San Jose, Paseo Colon,

Account No. 122012485, in the Name of South American Investments S.R.L., plus Any and All Accrued Interest Earned,

- (17) All Funds In Banco Elca, San Jose, Paseo Colon, Account No. 122012731, in the Name of James Michael Webb, plus Any and All Accrued Interest Earned,
- (18) Two Banco Elca, San Jose, Paseo Colon, Inv. Certs. Nos. 000200017364 and 00020017365 Obtained by Francisco Kou, plus Any and All Accrued Interest Earned,
- (19) Banco Elca, San Jose, Paseo Colon, Document on Demand, in the Name of FIU Investment S.R.L., plus Any and All Accrued Interest Earned,
- (20) Banco Elca, San Jose, Paseo Colon, Document on Demand, in the Name of Haarlem Universal Corporation, plus Any and All Accrued Interest Earned,
- (21) Financorp, Credit Cards, in the Name of South American Investments S.R.L., plus Any and All Accrued Interest Earned,
- (22) Banco Promerica, Cert. No. 19070 and All Funds In Account No. 8360209979, in the Name of Dax Jaikel Arce, plus Any and All Accrued Interest Earned,
- (23) Banco Promerica, Inv. Cert. No. 23485 and All Funds In Account No. 3-113055 in the Name of Francisco Kou, plus Any and All Accrued Interest Earned,
- (24) Banco Promerica, Cert. Nos. 24146, 24147, and 24148, in the Name of Keith Adrex Nordick, plus Any and All Accrued Interest Earned,
- (25) Banco Promerica, Account No. 4-159380, in the Name of James Michael Webb, plus Any and All Accrued Interest Earned,
- (26) Grupo Sama, Account No. 12722, plus Any and All Accrued Interest Earned,
- (27) Corporacion Interfin, Acct. On Demand, in the Name of Dax Jaikel Arce, plus Any and All Accrued Interest Earned,
- (28) Banco Cathay, Investment Fund in the Name of Cathay Valores Puesto De Bolsa, plus Any and All Accrued Interest Earned,
- (29) Three Banco Cathay, Inv. Certs. Nos. 2951, 2952, and 2953, plus Any and All Accrued Interest Earned,

- (30) Banco Cathay, Deposition En Efectivo Realizado Por, in the Name of Keith Nordick, plus Any and All Accrued Interest Earned,
- (31) Banco Credito Agricola De Cartago, Certs. Nos. 3023293, 3023295, 3023296, 3023297, 3023298, plus Any and All Accrued Interest Earned,
- (32) Banco Cuscatlan, Account No. 105-13240-5, in the Name of Haarlem Universal Corporation, plus Any and All Accrued Interest Earned,
- (33) Arrendadora Automotriz Zume Comercial S.A., Investment Account in the Name of South American Investments S.R.L., plus Any and All Accrued Interest Earned,
- (34) Cruisers Yacht 5000, Hull No. CRSZAA11L001,
- (35) 2000 Bell Helicopter 2061-4, Long Ranger IV, No. 52258, N207AW,
- (36) 2001 Isuzu Trooper, License No. 395146, Registered to I.T. Del Sur S.A.,
- (37) 1999 Chevrolet, Vin: 3GCBC11434XS106383, License No. 171173, Registered to Rancho Marqui,
- (38) 1997 Honda Motorbike, Vin: JH2HE0300VK602240, License No. MOT-096446, Registered to Rancho Marqui,
- (39) 1998 Honda Motorbike, Vin: JH2HE0109TK501083, License No. MOT-096445, Registered to Rancho Marqui,
- (40) 1999 Isuzu Trooper, Vin: JACUBS256X7100325, License No. 426400, Registered to I.T. Del Sur S.A.,
- (41) 1999 Isuzu Trooper, Vin: JACUBS256X7100039, License No. 308968, Registered to I.T. Del Sur S.A.,
- (42) 1999 Chevrolet Blazer, Vin: 1GNDT13W3X2235416, License No. 353780, Registered to Rancho Marqui,
- (43) 2001 Dodge Durango, Vin: 1B4HS28N61F589558, License No. 434257, Registered to Original Investment,
- (44) 1999 Lexus GS, Vin: JT8BH68X9X0021542, License No. 422663, Registered to Internal Investment S.R.L.,
- (45) 1999 Jeep Grand Cherokee, Vin: 1J4GW58N0XC671939, License No. 354622, Registered to Grown Securities S.R.L.,
- (46) 2001 Jeep Grand Cherokee, Vin: 1J4GX48SX1C582805, License No. AGV-2320, Registered to Creaciones Y



Descrubrimientos,

- (47) 2001 Toyota Land Cruiser, Vin: JT11TJA109004157, License No. 396833, Registered to M.A. Paterre,
- (48) 2001 Ford Windstar, Vin: 2FMDA52401BA73117, License No. HXG 3486, Registered to Calzado F.G.S.A.,
- (49) 2001 Ford Explorer, Vin: 1FMZU85P11UB54173, License No. HXH 2520 Registered to Alyn R. Waage,
- (50) 2001 Ford Explorer, Vin: 1FMZU85P81ZA21428, License No. HXE 7616, Registered to Alyn R. Waage,
- (51) 2001 Lincoln Navigator, Vin: 5LMFU28R21LJ16435, License No. HSH 2892,
- (52) Assorted Jewelry Seized from Rancho Marqui Residence on September 6, 2001,
- (53) Approximately \$243,000 in U.S. Currency Seized from Rancho Marqui Location on September 6, 2001,
- (54) 1993 Honda Civic LX, Vin: JHMEG8556PS056168, License No. 354936, Registered to Creaciones Y Descrubrimientos.

Defendant stipulates and agrees that the government would prove that each of the assets identified above, real or personal, was involved in, constitutes, or was derived from the gross proceeds traceable to the commission of violations of 18 U.S.C. § 1341 (Mail Fraud) and 18 U.S.C. § 1956(h) (Conspiracy to Commit Money Laundering) to which the defendant agrees to plead guilty.

2. The defendant waives the notice provisions of Fed. R. Crim. P. 7(c)(2) & 32.2(a), waives oral pronouncement of forfeiture at the time of sentencing and any defects in such pronouncement that pertain to forfeiture, and waives any defenses to forfeiture, including any defense predicated on the Ex Post Facto Clause of the United States Constitution or similar defenses. The defendant agrees to the entry of an order of forfeiture prior to his

1 sentencing in this case and shall assist the United States in any  
2 forfeiture proceeding it has brought or may bring in connection with  
3 the Tri-West investment fraud scheme described herein, and shall  
4 execute all documents reasonably necessary to effectuate the arrest  
5 and seizure and forfeiture of the above-listed assets. The  
6 defendant agrees not to contest or challenge the criminal or civil  
7 forfeiture of any of the assets listed in paragraph G.1 above  
8 whether in his individual capacity or on behalf of any of the  
9 following entities:

- 10 a. Tri-West Investment Club, S.A.
- 11 b. South American Investments S.R.L.
- 12 c. Guarantee Investments S.R.L.
- 13 d. FIU Securities S.R.L.
- 14 e. Rancho Marqui
- 15 f. Long Term Investments S.R.L.
- 16 g. Haarlem Universal Corporation S.A.
- 17 h. Internal Investment S.R.L.
- 18 i. Blackbird Securities S.R.L.
- 19 j. Simple Investment S.R.L.
- 20 k. Hada Campanita, S.A.
- 21 l. I.T. del Sur S.A.
- 22 m. Grown Securities S.R.L.
- 23 n. In Line Transactions S.R.L.
- 24 o. Skilfull Investments S.R.L.
- 25 p. Latin American Investment S.R.L.
- 26 q. Virtual Investment S.R.L.
- 27 r. Exclusive Transactions S.R.L.
- 28 s. Costa Rican Priority S.R.L.

1 t. Business Success S.R.L.  
2 u. Bluebird Securities S.R.L.  
3 v. Goals Ideas S.R.L.  
4 w. Responsible Investment S.R.L.  
5 x. Multilateral  
6 y. Top Investments S.R.L.  
7 z. True Investments S.R.L.  
8 aa. Short Term Investments S.R.L.  
9 bb. Rainbow Investments S.R.L.  
10 cc. Carlton Securities S.R.L.  
11 dd. Internal Investment S.R.L.  
12 ee. Creaciones y Descubrimientos  
13 ff. M Tres KWLL Investments S.R.L.  
14 gg. Trust Investments S.R.L.

15 Defendant also agrees to prevent disbursement of any money,  
16 property, or assets derived from unlawful activities, if said  
17 disbursements are within the defendant's direct or indirect custody  
18 or control; provided, however, that the defendant is not prohibited  
19 from disbursing money, property or assets derived from unlawful  
20 activities to the United States. Finally, Defendant agrees to waive  
21 the requirements of Fed. R. Crim. P. 43(a) with respect to his right  
22 to be present at any forfeiture proceedings.

23 **H. Disclaimer of Interest:** Defendant agrees to, and hereby  
24 does, disclaim all right, title and interest in the assets of the  
25 following purported entities:

26 a. Tri-West Investment Club, S.A.  
27 b. South American Investments S.R.L.  
28 c. Guarantee Investments S.R.L.

1 d. FIU Securities S.R.L.  
2 e. Rancho Marqui  
3 f. Long Term Investments S.R.L.  
4 g. Haarlem Universal Corporation S.A.  
5 h. Internal Investment S.R.L.  
6 i. Blackbird Securities S.R.L.  
7 j. Simple Investment S.R.L.  
8 k. Hada Campanita, S.A.  
9 l. I.T. del Sur S.A.  
10 m. Grown Securities S.R.L.  
11 n. In Line Transactions S.R.L.  
12 o. Skilfull Investments S.R.L.  
13 p. Latin American Investment S.R.L.  
14 q. Virtual Investment S.R.L.  
15 r. Exclusive Transactions S.R.L.  
16 s. Costa Rican Priority S.R.L.  
17 t. Business Success S.R.L.  
18 u. Bluebird Securities S.R.L.  
19 v. Goals Ideas S.R.L.  
20 w. Responsible Investment S.R.L.  
21 x. Multilateral  
22 y. Top Investments S.R.L.  
23 z. True Investments S.R.L.  
24 aa. Short Term Investments S.R.L.  
25 bb. Rainbow Investments S.R.L.  
26 cc. Carlton Securities S.R.L.  
27 dd. Internal Investment S.R.L.  
28 ee. Creaciones y Descubrimientos



1 ff. M Tres KWLL Investments S.R.L.

2 gg. Trust Investments S.R.L.

3 The defendant further agrees to, and hereby does disclaim all right,  
4 title and interest in the assets of any entity controlled by, or  
5 affiliated with, the above-described entities.

6 III.

7 THE GOVERNMENT'S OBLIGATIONS

8 A. No Further Prosecution: Except as to potential criminal  
9 tax violations (as to which the government can make no promises of  
10 non-prosecution), the government agrees not to further criminally  
11 prosecute the defendant for the scheme and conspiracy charged in the  
12 Information.

13 B. Incarceration Range: The government will recommend that  
14 the defendant be sentenced to a sentence at the bottom of the  
15 applicable guideline range for his offenses as determined by the  
16 United States Probation Office.

17 C. Acceptance of Responsibility: If the United States  
18 Probation Office determines that a three-level reduction in the  
19 defendant's offense level for his full and clear demonstration of  
20 acceptance of responsibility is appropriate under U.S.S.G. § 3E1.1,  
21 the government will recommend such a reduction.

22 D. Reduction of Sentence for Cooperation: The government  
23 agrees to recommend at the time of sentencing that the defendant's  
24 sentence of imprisonment be reduced if he provides substantial  
25 assistance to the government, pursuant to U.S.S.G. § 5K1.1. The  
26 government acknowledges that defendant's substantial assistance may,  
27 in the government's sole discretion, result in a recommendation of a  
28 reduction in his sentence of greater than 50 percent of the low end

1 of the applicable Guidelines sentencing range.

2 The defendant understands that he must comply with paragraph  
3 II(E) of this Agreement to receive a government recommendation for  
4 any reduction in his sentence. The defendant understands that it is  
5 within the sole and exclusive discretion of the government to  
6 determine whether the defendant has provided substantial assistance.  
7 The defendant understands that the government may recommend a  
8 reduction in his sentence or no reduction at all, depending upon the  
9 level of assistance the government determines that the defendant has  
10 provided. The defendant further understands that a motion pursuant  
11 to U.S.S.G. § 5K1.1 is only a recommendation and is not binding on  
12 the Court, that this Agreement confers no right upon the defendant  
13 to require that the government make a § 5K1.1 motion, and that this  
14 Agreement confers no remedy upon the defendant in the event that the  
15 government declines to make a § 5K1.1 motion. In particular, the  
16 defendant agrees not to try to file a motion to withdraw his plea  
17 based on the fact that the government decides not to recommend a  
18 sentence reduction or recommends a sentence reduction less than the  
19 defendant thinks is appropriate.

20 If the government determines that the defendant has provided  
21 further cooperation within one year following his sentencing, the  
22 government may move for a further reduction of his sentence pursuant  
23 to Rule 35 of the Federal Rules of Criminal Procedure.

#### 24 IV.

#### 25 MAXIMUM SENTENCE

26 A. Maximum Penalty: The maximum penalty the Court can impose  
27 on Count One is five years imprisonment, a \$250,000 fine or a fine  
28 of twice the gross gain or gross loss, a three-year term of

1 supervised release, a mandatory special penalty assessment of \$100  
2 upon conviction, and forfeiture. The maximum penalty the Court can  
3 impose on Count Two is twenty years imprisonment, a fine of twice  
4 the value of the property involved in the transaction or \$500,000,  
5 whichever is greater, a five-year term of supervised release, and a  
6 mandatory special assessment of \$100 upon conviction. In the event  
7 that defendant's supervised release is revoked, the Court may impose  
8 an additional sentence of up to two years imprisonment under Count  
9 One and three years imprisonment under Count Two under 18 U.S.C. §  
10 3583(e)(3).

11 V.

12 SENTENCING DETERMINATION

13 A. Statutory Authority: The defendant understands that the  
14 Court will determine a sentencing guideline range for his case under  
15 the Sentencing Reform Act of 1984 (18 U.S.C. §§ 3551-3742 and 28  
16 U.S.C. §§ 991-998). The defendant further understands that the  
17 Court will impose a sentence within that guideline range, unless it  
18 finds that there is a basis for departure (either above or below the  
19 range) because there exists an aggravating or mitigating  
20 circumstance of a kind, or to a degree, not adequately taken into  
21 consideration by the Sentencing Commission in formulating the  
22 guidelines.

23 B. Stipulations Affecting Guidelines Calculation: The  
24 government and the defendant agree that there is no material dispute  
25 as to the following sentencing guidelines variables and therefore  
26 stipulate to the following:

27 1. Applicable Guidelines: The parties agree that the 2000  
28 Guidelines are applicable to this matter.

1                   **2. Mail Fraud**

2                   **a. Base Offense Level:** Pursuant to U.S.S.G. §  
3 2F1.1(a), the parties agree that the base offense level is 6.

4                   **b. Specific Offense Characteristics:**

5                   1. **Amount of Loss:** Based on an amount of loss  
6 of over \$40 million, the parties agree that the offense level should  
7 be increased by 17 levels pursuant to U.S.S.G. § 2F1.1(b)(1)(R).

8                   2. **More than Minimal Planning:** Because the  
9 scheme to defraud involved more than minimal planning and more than  
10 one victim, the parties agree that the offense level should be  
11 increased by 2 levels pursuant to U.S.S.G. § 2F1.1(b)(2).

12                   3. **Mass Marketing:** Because the scheme to  
13 defraud involved mass marketing, specifically solicitation using the  
14 Internet, the parties agree that the offense level should be  
15 increased by 2 levels pursuant to U.S.S.G. § 2F1.1(b)(3).

16                   4. **Extraterritoriality:** Because a substantial  
17 part of the fraudulent scheme was committed from outside the United  
18 States, the parties agree that the offense level should be increased  
19 by 2 levels pursuant to U.S.S.G. § 2F1.1(b)(6)(B).

20                   **2. Conspiracy to Commit Money Laundering**

21                   **a. Base Offense Level:** Pursuant to U.S.S.G. §  
22 2S1.1(a), the parties agree that the base offense level is 23.

23                   **b. Specific Offense Characteristic:**

24                   1. **Amount of Loss:** Based on a value of  
25 laundered funds of more than \$35,000,000, the parties agree that the  
26 offense level should be increased by 11 levels pursuant to U.S.S.G.  
27 § 2S1.1(b)(2)(L).

28                   / / /



3. **Total Offense Level:** Based on the foregoing stipulations relating to Mail Fraud and Conspiracy to Commit Money Laundering, the parties agree that the total combined offense level is 35, as follows:

<u>Count</u>	<u>Level</u>
Mail Fraud	29
Conspiracy to Commit Money Laundering	34
Grouping Increase (U.S.S.G. § 3D1.4)	1
Total Combined Offense Level	35

4. **Acceptance of Responsibility:** Pursuant to U.S.S.G. § 3E1.1, the parties agree that the offense level should be reduced by three levels if the defendant, both in the guilty plea proceeding and in his dealings with the federal probation office, continues to clearly demonstrate an affirmative acceptance of personal responsibility for the offenses committed.

## VI.

## WAIVERS

A. Waiver of Constitutional Rights: The defendant understands that by pleading guilty he waives the following constitutional rights: (a) to plead not guilty and to persist in that plea if already made; (b) to be tried by a jury; (c) to be assisted at trial by an attorney who would be appointed at no cost or reduced cost to him in the event that he qualifies; (d) to subpoena, confront, and cross-examine witnesses against him; and (e) not to be compelled to incriminate himself.

B. Waiver of Appeal and Collateral Attack: The defendant understands that the law gives him a right to appeal his conviction

1 and sentence. He agrees as part of his plea, however, to give up  
2 this right as long as, and to the extent that, his sentence is  
3 consistent with the stipulations set forth above about the  
4 sentencing guidelines variables. He specifically gives up his right  
5 to appeal any order of restitution the Court may impose.

6 The defendant also gives up any right he may have to bring a  
7 post-conviction attack on his conviction or his sentence. He  
8 specifically agrees not to file a motion under 28 U.S.C. § 2255 or  
9 § 2241 attacking his conviction or sentence.

10 If the defendant's conviction on any of the counts to which he  
11 is pleading is ever vacated at the defendant's request, or his  
12 sentence is ever reduced at his request, the government shall have  
13 the right (1) to prosecute the defendant on any of the counts to  
14 which he pleaded guilty; (2) to reinstate any counts that may be  
15 dismissed pursuant to this agreement; and (3) to file any new  
16 charges that would otherwise be barred by this agreement. The  
17 decision to pursue any or all of these options is solely in the  
18 discretion of the United States Attorney's Office. By signing this  
19 agreement, the defendant agrees to waive any objections, motions,  
20 and defenses he might have to the government's decision. In  
21 particular, he agrees not to raise any objections based on the  
22 passage of time with respect to such counts including, but not  
23 limited to, any statutes of limitation or any objections based on  
24 the Speedy Trial Act or the Speedy Trial Clause of the Sixth  
25 Amendment.

26 **C. Waiver of Attorneys' Fees and Costs:** The defendant  
27 agrees to waive all rights under the Hyde Amendment, Section 617,  
28 P.L. 105-119 (Nov. 26, 1997), to recover attorneys' fees or other

1 litigation expenses in connection with the investigation and  
2 prosecution of all charges in the above-captioned matter and of any  
3 related allegations (including without limitation any charges to be  
4 dismissed pursuant to this Agreement and any charges previously  
5 dismissed).

6 VII.

7 ENTIRE PLEA AGREEMENT


8 Other than this Plea Agreement, no agreement, understanding,  
9 promise, or condition between the government and the defendant  
10 exists, nor will such agreement, understanding, promise, or  
11 condition exist unless it is committed to writing and signed by the  
12 defendant, counsel for the defendant, and counsel for the  
13 government.

14 VIII.

15 APPROVALS AND SIGNATURES

16 A. Defense Counsel: I have read this Plea Agreement and have  
17 discussed it fully with my client. The Plea Agreement accurately  
18 and completely sets forth the entirety of the agreement. I concur  
19 in my client's decision to plead guilty as set forth in this  
20 Agreement.

21 DATED: March 21, 2002

  
\_\_\_\_\_  
ROBERT WILSON  
Attorney for Defendant  
Cary Alyn Waage

23 / / /

24 / / /

25 / / /

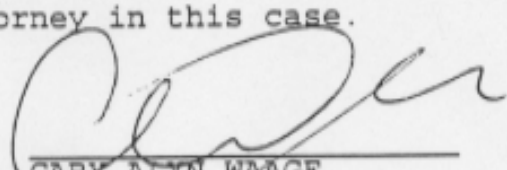
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1        **B. Defendant:** I have read this Plea Agreement and carefully  
2 reviewed every part of it with my attorney. I understand it, and I  
3 voluntarily agree to it. Further, I have consulted with my attorney  
4 and fully understand my rights with respect to the provisions of the  
5 Sentencing Guidelines which may apply to my case. No other promises  
6 or inducements have been made to me, other than those contained in  
7 this Agreement. In addition, no one has threatened or forced me in  
8 any way to enter into this Plea Agreement. Finally, I am satisfied  
9 with the representation of my attorney in this case.

10  
11 DATED: March 21, 2002

  
CARY ALYN WAAGE  
Defendant

12  
13        **C. Attorney for United States:** I accept and agree to this  
14 Plea Agreement on behalf of the government.

15 DATED: March 20, 2002

JOHN K. VINCENT  
United States Attorney

16  
17 By: 

CHRISTOPHER P. SONDERBY  
ROBIN TAYLOR  
Assistant U.S. Attorneys



1 EXHIBIT A - FACTUAL BASIS

2 The United States would prove the following beyond a reasonable  
3 doubt at trial:

4 MAIL FRAUD

5 Summary

6 Alyn Richard Waage created the Tri-West Investment Club in  
7 approximately mid-1999. Shortly after that time period, and  
8 continuing until approximately mid-2001, in the State and Eastern  
9 District of California and elsewhere, defendant CARY ALYN WAAGE,  
10 Alyn Richard Waage, James Michael Webb, Lynn Johnston, Michelle  
11 Higgins, and others devised and participated in a scheme and  
12 artifice to defraud investors in Tri-West by means of materially  
13 false and fraudulent representations. In total, defendant CARY ALYN  
14 WAAGE and others fraudulently induced approximately 13,000  
15 individuals to invest approximately \$58 million in Tri-West by  
16 falsely representing that their investments would earn substantial  
profits in a "Bank Debenture" or "Prime Bank" trading program. In  
fact, rather than trading "Bank Debentures," defendant CARY ALYN  
WAAGE and others operated Tri-West as a vast Ponzi scheme, using  
some Tri-West investor funds to make "dividend" payments to earlier  
investors to give the false impression of profitability, and using  
the balance of investor funds to purchase millions of dollars of  
real properties in Mexico and Costa Rica, a yacht, a helicopter,  
numerous late-model automobiles, and other luxury and personal  
items. Defendant CARY ALYN WAAGE and others also funneled money to  
foreign bank accounts and shell corporations to conceal their ill-  
gotten gains.

17 The Tri-West Investment Club Web Site

18 Tri-West offered and sold investments through a Internet Web  
19 site at [www.triwestinvest.com](http://www.triwestinvest.com), which stated that Tri-West was "a  
20 worldwide private membership club formed to assist members in  
investing offshore -- showing a good return on investment with a  
minimal risk."

21 The Web site stated that Tri-West had more than 6,000 members,  
22 and that the "day to day operations are conducted by Jason Kingsley,  
23 Mark Goldman and Alan Richards." The Web site claimed at that time  
that Kingsley "worked for the government as a senior official until  
his retirement in 1995."

24 The Web site invited individuals to join Tri-West by investing  
25 in \$1,000 increments. Tri-West then promised to pay investors a 10  
26 percent return per month, and then return the principal at the end  
27 of one year. Tri-West also promoted a "Member Referral Program"  
28 under which it promised to pay members a "referral bonus" of 15  
percent of the "referred investment" plus 15 percent of the referred  
member's "income."

1 The Web site claimed that Tri-West was able to pay investors  
2 such lucrative rates of return by investing in a "Bank Debenture  
3 Trading Program." Under this program, which used to be available  
4 only to the "very wealthy," the principal was "invested to give a  
5 guaranteed high return to the investor" with "no risk of losing the  
6 investor's principal investment." There was no risk because the  
7 investor's funds are "secured by a Bank-Endorsed Guarantee."

8 According to the Web site, Tri-West's trading "program"  
9 operated by purchasing "Promissory Bank Notes" issued by certain  
10 "key international 'Prime Banks,'" which consisted of the top 250  
11 banks worldwide. These "Prime Bank" notes were "sold and re-sold  
12 down the money-market chain to the retail level at escalating  
13 prices, thus realizing a higher profit on each transaction, which  
14 can take as little as one day to complete." At such large spreads  
15 over a 40 week trading period, the Web site stated that "it is not  
16 difficult to understand why the investor, as capital provider,  
17 receives such a high guaranteed rate of return for funding this  
18 operation."

19 The Web site claimed that an entity called the Haarlem  
20 Universal Corporation ("Haarlem"), "a Panamanian Investment Company"  
21 specializing in bond and currency trading since 1969, exclusively  
22 handled Tri-West's trading. Haarlem was said to have been named for  
23 Alex Haarlem, who was said to be a trader. The Web site claims that  
24 Haarlem "is one of the largest and most prestigious trading  
25 companies" in the world. According to the Web site, "[i]n 30 years,  
26 Haarlem has never failed to show a substantial return to investors  
27 and no investor has ever lost any of the funds invested."

28 The Web site was sprinkled with quoted testimonials from a  
Jennifer and Robert Moore from Manchester, U.K. (referral income  
provides "sufficient income to live splendidly for the rest of our  
lives"); Kai Cheng from Hong Kong ("I receive income every months to  
cover all of my expenses"); Carlos Spencer from Buenos Aires ("On  
the first of every month, my investment return is in my bank account  
like clockwork"); T. Rockwell from Los Angeles (he "generate[s] a  
perpetual income of over \$100,000 per year on my referral bonus  
income alone"); and David Fox from Australia (initial \$10,000  
investment is now worth "in excess of \$1,000,000 and growing each  
month").

The Web site directed victim investors to mail membership  
applications and investments to:

Tri-West Investment Club  
Attn: Investor Relations  
160 North Front Street  
P.O. Box 354  
Belize City, Belize

The Web site directed that payments be made to Haarlem Universal  
Corporation.

/ / /

## Misrepresentations

The Web site made numerous material misrepresentations, including at least the following:

Fictitious Investments: Contrary to representations, Tri-West never actually invested any of the investors' money in any "Bank Debenture Trading Program," or in "Promissory Notes" issued by "Prime Banks." Instead, defendant CARY ALYN WAAGE and others used Tri-West investor funds to make "dividend" payments to other investors to give the false impression of profitability, and used the balance to purchase millions of dollars of real properties in Mexico and Costa Rica as well as a yacht and a helicopter, and to funnel money to numerous shell corporations.

Haarlem Fiction: The Web site falsely represented that Haarlem was a "Panamanian Investment Company" that had been in operation since 1969. In fact, Haarlem was incorporated in Panama in 1999, not 1969, and is not a registered investment company. The Web site also falsely represented that Tri-West was connected to a fictitious individual named Alex Haarlem.

Fictitious Managers: The alleged managers of Tri-West, "Jason Kingsley", "Mark Goldman" and "Alan Richards," are fictitious names used to dupe investors into believing that legitimate financiers were behind Tri-West's operations. In fact, Alyn Richard Waage exercised primary control over the activities Tri-West.

Fictitious Testimonials: The names of the individuals providing testimonials on the Web site are fictitious, and their testimonials false, designed to cause prospective investors to believe that Tri-West was a legitimate investment program.

## Use of the Mails

On or about October 31, 2000, defendant CARY ALYN WAAGE and others caused a \$5,000 check to be sent by a private and commercial interstate carrier from a Tri-West investor in Folsom, California, to Tri-West Investment Club, 160 North Front Street, P.O. Box 354, Belize City, Belize.

## MONEY LAUNDERING CONSPIRACY

From approximately mid-1999 to approximately December 2001, defendant CARY ALYN WAAGE, Richard Alyn Waage, Lynn Johnston, James Michael Webb, Michelle Higgins, and others, conspired to conduct financial transactions affecting interstate commerce, which transactions involved the proceeds of the above-described mail fraud scheme in the following manners: (a) with the intent to promote the carrying on of the mail fraud scheme, and (b) to conceal or disguise the nature, the location, the source, the ownership, or the control of the proceeds of the mail fraud scheme. Defendant CARY ALYN WAAGE and the others identified in this paragraph knew that the property involved in the financial transactions represented the proceeds of the mail fraud scheme. Furthermore, beginning in or about mid-1999,



1 and continuing through in or about December 2001, in the State and  
2 Eastern District of California and elsewhere, defendant CARY ALYN  
3 WAAGE and Richard Alyn Waage, Lynn Johnston, James Michael Webb,  
4 Michelle Higgins, and others, did knowingly conspire to transport,  
5 transmit, or transfer, or attempt to transport, transmit, or  
6 transfer monetary instruments or funds from a place in the United  
States, including from places in the Eastern District of California,  
to or through a place outside the United States and to a place in  
the United States from or through a place outside the United States  
with the intent to promote the carrying on of the mail fraud scheme.

7 Between approximately mid-1999 until approximately June 2001,  
8 the defendant CARY ALYN WAAGE and others caused thousands of  
9 "dividend" checks to be periodically issued from Bankers Trust in  
New York to Tri-West investors in the United States and elsewhere,  
including checks delivered to at least 95 investors located in the  
Eastern District of California.

10 Between approximately mid-1999 and approximately December 2001,  
11 defendant CARY ALYN WAAGE and his coconspirators purchased the  
12 following properties in Mexico, real and personal, using proceeds  
13 from the Tri-West investment scheme:

- 14 (1) Casa Cristiana, Paseo del los Defines #123, Conchas  
15 Chinas, Puerto Vallarta, Jalisco, Mexico;
- 16 (2) Puerto Iguana, Villa #92, Blvd. Francisco Madina  
17 Ascencio, Marina Vallarta, Puerto Vallarta;
- 18 (3) Villas Vista Del Sol, Aquilles Serdan No. 174 Unit  
19 302, Puerto Vallarta;
- 20 (4) Villas Vista Del Sol, Aquilles Serdan No. 174 Unit  
21 205, Puerto Vallarta;
- 22 (5) Casa Tatiana, Rinconadas de las Caracolas #113 Puerto  
23 Vallarta, Jalisco, Mexico;
- 24 (6) Calle Amapas No. 156, El Dorado Condo Unit 401; and
- 25 (7) Calle Amapas No. 156, El Dorado Condo Unit 503 and  
26 504 (legally 2 units but physically one apartment).

27 Between approximately mid-1999 and approximately December 2001,  
28 defendant CARY ALYN WAAGE and his co-conspirators conducted  
financial transactions involving Tri-West investor funds in an  
effort to conceal the nature and source of those funds, including  
transactions involving the following financial institutions and  
accounts:

29 / / /

30 / / /



Financial Institution	Account Numbers	Account Holder
Operadora de Fondos Lloyd, S.A. Mexico	122697-6	Cary Waage
Grupo Financiero Bital, S.A. de C.V. Mexico	790 0000 356 700 1583 624	Trust used by Alyn Waage, Higgins, Cary Waage and Johnston
Paritate Bank Riga, Latvia	0000 3292 6060	Cary Waage
Paritate Bank Riga, Latvia	5433 1510 0537 3011 (card account)	Cary Waage
Paritate Bank Riga, Latvia	4081 4610 0100 4017 (card account)	Cary Waage
Paritate Bank Riga, Latvia	574-07-4554-541	Heinsword Investment
Pirma Bank Riga, Latvia	204 3035 607	Cary Waage
Pirma Bank credit/debit line	4775 7332 8041 1639	Cary Waage
Parex Bank Latvia	6762 2101 2703 8016	Cary Waage
Banco Bancentro	Inv. #242	Cary Waage
Rietumu Banka	058807166	Cary Waage

In addition, between approximately mid-1999 and December 2001, defendant and his co-conspirators acquired numerous assets in Costa Rica using proceeds from the Tri-West scheme to defraud, including funds involved in the conspiracy to launder money. These assets are enumerated in Section II.G.1(n)(1)-(54) of the Plea Agreement. Further, defendant and his co-conspirators created numerous shell corporations to conceal the nature and source of Tri-West investor funds, including those entities identified at Section II.G.2 of the Plea Agreement.